



March 2021

As we move into the one-year anniversary of the pandemic, this will be a pivotal month for both federal and state legislation. CSDA’s efforts remain focused on gaining access to COVID-19 relief funding in any form, with a growing coalition of 500 organizations across the nation supporting the effort. Once, the federal COVID-19 legislative process concludes, CSDA will turn its attention to the need to securing funding for shovel-ready special district capital improvement projects that will repair our community’s aging infrastructure and help revitalize our economy.

Other priorities this month include protecting against efforts from interest groups to delay the coming local property tax deadline, which would cut off the lifeblood that many special districts rely on to fund their front-line workers and make payments on bond obligations for critical infrastructure. CSDA also continues to play a leading role in advocating for responsible improvements to the Brown Act and defending against additional unfunded mandates.

Now is the time to mark your calendars for Special Districts Week, May 16-22, 2021, as proclaimed by [ACR 17](#) and register Early Bird for the 2021 Virtual Special Districts Legislative Days May 18-19 at legislatedays.csda.net.

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Contact a local CSDA representative near you!

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➤ COVID-19 RELIEF FUNDING

CSDA's advocacy action priority is to work with the Administration, various state agencies, and the federal government to ensure special districts receive equitable access to COVID-19 relief funding should it become available.

Federal American Rescue Act Limits Special District Funding to Transfers from Others

The U.S. Senate passed its version of the \$1.9 trillion American Rescue Plan Act, by a vote of 50-49. The measure includes \$350 billion for states, territories, tribes, counties, and cities – all of which would have the authority to transfer relief funding to special districts.

CSDA and the National Special Districts Coalition are currently crafting strategies to leverage this transfer authority when requesting special districts be part of the state's programming of new relief funds.

With the Senate legislation, the \$350 billion for state and local governments would be divided as such:

- \$195.3 billion for states
- \$65.1 billion for counties
- \$45.57 billion for cities, populations 50,000 or greater
- \$19.53 billion for cities, populations less than 50,000

These governments may transfer funds to special districts, private nonprofits, public benefit corporations responsible for the transport of passengers and cargo, tribal nonprofits and native corporations.

Under the Senate version, relief could be used through December 31, 2024, for expenditures made to address the COVID-19 pandemic (examples could be: public expenditures, small business aid, household assistance); revenue reductions; as well as investments in water, sewer and broadband infrastructure.

Differences between the Senate and House versions of the American Rescue Plan Act will need to be reconciled with an agreement between the two chambers. House Speaker Nancy Pelosi, D-Calif., has signaled that changes made to the Senate pass muster with House Democrats.

Notable differences in the Senate bill's state and local relief language compared to the House bill include the ability to use funds for water, wastewater and broadband infrastructure; \$10 billion removed from local governments to states for a "Coronavirus Capital Improvement Fund" aimed to fund options to boost remove capabilities for work, health and education; and the addition of tribal nonprofits and native corporations under state/local funding transfer authority.

Additional funding and policies of potential direct and indirect impacts to special districts in the Senate's version of the bill include:

- \$1,400 in stimulus payments to individuals with annual income capped at \$75,000 and phased out through \$80,000.
- An additional \$500 million for the low-income water and wastewater assistance program.
- Another \$21.55 billion for the Emergency Rental Assistance program, which includes utility arrearages in eligible use of funds, available through Fiscal Year 2027.
- Newly-established \$10 billion Homeowner Assistance Fund, which would assist homeowners behind on mortgage payments and utility bills, available through Fiscal Year 2025.
- \$300 per week in enhanced unemployment benefits through September 6, 2021.

A simple majority is needed in both chambers to pass the final bill, which is expected to pass and be signed by March 15.

For more information or questions on this call to action, please contact Cole Karr, CSDA Federal Advocacy Coordinator, at colek@csda.net.



➤ INFRASTRUCTURE, INNOVATION, AND INVESTMENT

CSDA's long range policy principal regarding infrastructure, innovation, and investment is to encourage prudent planning for investment and maintenance of innovative long-term infrastructure. CSDA supports the development of fiscal tools and incentives to assist special districts in their efforts to meet California's changing demands, ensuring the efficient and effective delivery of core local services.

Can Your District Put Infrastructure Funding to Use in Your Community?

In anticipation of impending policy discussions and potential funding opportunities focused on infrastructure investments at both the state and federal levels, CSDA needs your input on your top infrastructure priorities and the status of well-positioned projects that can help make the case for special district access to funding.

Please take a few minutes to fill out this brief survey that will provide us a snapshot of district priorities and needs. Specifically, your answers will help us understand:

- 1) Your district's infrastructure funding priorities
- 2) Whether you have deferred, delayed, or cancelled any capital improvement projects
- 3) How much funding is needed
- 4) If your project(s) relate to State-level priorities, such as climate and disaster resilience

Take Action:

[Complete CSDA's brief Infrastructure Funding Survey](#)

Coalition Requests \$1 Billion for Public Utility Arrearages from COVID-19

In furtherance of CSDA's goal to secure additional resources for special districts affected by COVID-19 impacts, the association has joined forces with the California Municipal Utilities Association (CMUA), Association of California Water Agencies (ACWA), California Association of Sanitary Agencies (CASA), and a number of other local government agencies and associations to ask the State to allocate \$1 billion in additional and dedicated funding for past-due public water/wastewater agency and publicly owned electric utility bills, which would provide significant relief for Californians in debt for utility costs and the local agencies who serve them as the state continues to grapple with the economic and personal effects of the COVID-19 pandemic.

CSDA joined in a [coalition letter](#) asking the State Legislature for this funding and continues to work with the coalition to advance the discussion. If your district has experienced arrearages due to COVID-19 response impacts, please use this [sample letter](#) to communicate your impacts to your representatives. You can look up your California Assembly and Senate Representatives [here](#).

For more information please contact Alyssa Silhi at alyssas@csla.net



➤ REVENUE, FINANCES, AND TAXATION

CSDA's long range policy priority on revenue, finances, and taxation is to ensure adequate funding for special districts' safe and reliable core local service delivery. Protect special districts' resources from the shift or diversion of revenues without the consent of the affected districts. Promote the financial independence of special districts and afford them access to revenue opportunities equal to that of other types of local agencies.

CSDA and Partners Protecting Essential Services from Delays in Property Tax Revenue

Neil McCormick, CEO of CSDA, signed a joint letter with city and county counterparts, dated January 22, 2021, informing Governor Gavin Newsom and the leaders and members of the State Legislature of the consequences to essential local services if the impending April 10 deadline for local property tax payments were to be delayed by executive or legislative action. This joint letter was in response to efforts by business advocates to, among other things, temporarily delay the payment of property taxes via executive order.

Millions of families and businesses depend on essential services provided by special districts that rely on property tax revenue. A delay in receipt of these critical resources could jeopardize the reliable delivery of services, not to mention ongoing debt obligations that support the critical infrastructure that sustains our economy.

The joint statement by representatives of every type of local government urged the Governor to maintain local flexibility, whereby under current executive orders, county officials are able to consider waiving penalties on a case-by-case basis for specific hardships. Local government associations representing cities, counties, schools, tax collectors, and special districts were [signatories of the letter](#), which can be viewed on at csda.net/take-action/covid.

In May of 2020, Governor Newsom issued Executive Order N-61-20 related to delinquent property tax payment penalties and interest. This order followed up earlier statements by the Governor and counties regarding property tax relief. While they had earlier agreed to allow local jurisdictions to deal with genuine hardships on a case-by-case basis, there was not consensus on the flexibility of local tax collectors under existing statute. The May 2020 order addressed some of those issues.

The order waived certain statutes through May 6, 2021 that "... to the extent that it requires a tax collector to impose penalties, costs, or interest for the failure to pay taxes on property on the secured or unsecured roll, or to pay a supplemental bill, before the date and time such taxes became delinquent, and a tax collector shall cancel such penalties, costs, and interest provided all of the following conditions are satisfied:"

1. The property for which taxes in question is either a residential real property occupied by the taxpayer, or real property owned and operated by a taxpayer that qualifies as a small business;
2. The taxes owed on the property in question were not delinquent prior to March 4, 2020;
3. The taxpayer timely files a claim for relief in a form and manner prescribed by the tax collector; and
4. The taxpayer demonstrates to the satisfaction of the tax collector that the taxpayer has suffered economic hardship, due to the COVID-19 pandemic, or government response to COVID-19.

This existing agreement affords the ability to address hardships without devastating local services and infrastructure through a broad statewide deferral.



➤ GOVERNANCE AND ACCOUNTABILITY

CSDA's long range policy priority on governance and accountability is to enhance special districts' ability to govern as independent, local government bodies in an open and accessible manner. Encourage best practices that avoid burdensome, costly, redundant, or one-size-fits all approaches. Protect meaningful public participation in local agency formations, dissolutions, and reorganizations, and ensure local services meet the unique needs, priorities, and preference of each community

Unfunded Brown Act Mandates Bill Introduced

In the wake of the pandemic and the overwhelming use of remote meetings by public agencies, there have been numerous bills introduced in the California State Legislature to amend the laws governing public meetings known more commonly as the Brown Act. While several of these bills would provide greater flexibility to public agencies to conduct the public's business, one bill, [Assembly Bill 339](#) by Assembly Member Lee (D-San Jose), would place numerous, unworkable, unfunded mandates on all public agencies.

AB 339 has a laudable goal of increasing access to public meetings. However, compliance would be unaffordable and unachievable for most local agencies and the bill seeks to avoid any reimbursement of costs from the State.

Specifically, Section 4 of AB 339, which applies to all special districts, cities, counties, school districts, joint powers authorities, downtown associations, and others, regardless of agency size or available resources, would require that:

1. All meetings of a legislative body (governing board, committee, or sub-committee) to include both a call-in and an internet-based service option for members of the public to attend the meeting.
2. The internet-based service option must provide closed captioning service.
3. All meetings must include an in-person public comment opportunity, even if there are other laws or orders prohibiting in-person meetings such as the current public health directives.
4. All agendas and instructions for accessing meetings must be translated into all languages for which five percent of the population in the area governed by the local agency is a speaker. Note: this data is not something that currently exists for special districts.
5. Persons commenting in person shall not have more time or in any other way be prioritized over persons commenting remotely via call-in or internet-based service, whether they are a resident of the agency or not.
6. Instructions on how to attend the meeting via call-in or internet-based service shall be posted online along with the meeting agenda in an easily accessible location. This does not exempt those agencies without a website from this requirement.
7. Legislative bodies of local agencies shall employ a sufficient amount of qualified bilingual persons to provide translation during the meeting in the language of a non-English-speaking person. "Non-English-speaking people" is defined as members of a group who either do not speak English, or who are unable to effectively communicate in English because it is not their native language, and who comprise five percent or more of the people served.

Interestingly, the provisions of AB 339 apply to local public agencies as well as the State. However, they do not apply to the California State Legislature in the same way.



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CSDA has adopted an oppose position on this bill and will be working with other local government associations to stop these costly unfunded mandates from being placed on our already over-burdened special districts.

➤ HUMAN RESOURCES AND PERSONNEL

CSDA's long range policy priority on human resources and personnel is to promote policies related to hiring, management, and benefits and retirement that afford flexibility, contain costs, and enhance the ability to recruit and retain highly qualified, career-minded employees to public service. As public agency employers, support policies that foster productive relationships between management and employees, both represented and non-represented.

Should Special Districts Continue to Pay Unlawful Pensions?

[Senate Bill 278](#) by Senator Connie Leyva (D-Chino), which will require public agencies to directly pay retirees for disallowed retirement benefits on an on-going basis, is scheduled for its first hearing on March 8, 2021. SB 278 is a reintroduction of [SB 266 \(Leyva, 2019\)](#), which made it all the way through the legislative process to the Governor's desk before it was pulled back to the Senate Floor where it sat for another year before it died without receiving another motion.

In 2012, the California State Legislature passed significant public pension reform legislation known as the Public Employees' Pension Reform Act (PEPRA,) which took effect January 1, 2013. While the reforms were significant, they led to some confusion as to what may lawfully be offered as employee pension benefits. As a result, some public agencies and their represented employee organizations came to agreements on benefit packages that did not meet the new legal standards to be considered a pensionable benefit. Some of those future retirement benefits, for which employers and employees paid into pension systems such as the California Public Employees Retirement System (CalPERS), were at some point determined to violate the law and were terminated. Terminated benefits that violate PEPRA are considered "disallowed benefits."

Under current law, once a benefit is determined to be disallowed, both the employer and the employee cease making future payments on that benefit, past contributions from the employee are returned to the employee, while past contributions from the employer are applied towards future payment. Unfortunately, in the case of a **retiree** that received the disallowed benefit, the pension system must recoup the overpaid benefit from the retiree. The pension system must recoup that overpayment from the retiree because it is unlawful to pay out a benefit that is not legally allowable or earned, despite the fact that the retiree did nothing wrong and was only receiving a retirement that was promised to them.

CSDA, along with the League of California Cities, and the California State Association of Counties, believe public agencies cannot continue to make payments to retirees as proposed by SB 278 for the same legal basis that requires pension systems to recoup their disallowed retirement benefit payments to retirees. Continued payment of a disallowed benefit to a retiree would constitute an illegal gift of public funds, in violation of Section 6, Article 16 of the California Constitution. It is unfortunate for a benefit to be withdrawn from a retiree, especially after an agency and likely a bargaining unit come to an agreement on benefits and those benefits have been paid for an amount of time. However, it is simply impossible for public agencies to continue making payments directly to a retiree for a disallowed benefit.

Please share any questions or concerns regarding SB 278 with CSDA's Senior Legislative Representative, Dillon Gibbons, at dillong@csda.net.



➤ OTHER WAYS TO TAKE ACTION

Learn More

Take advantage of Early Bird pricing for 2021 Virtual Special District Legislative Days Conference!

Tuesday and Wednesday, May 18 and 19, 2021

Early Bird Pricing (available until April 16, 2021)

\$175 CSDA Member

\$265 Non-member

Now more than ever special districts need to advocate on behalf of the communities they serve. From the pandemic to climate adaptation, lawmakers in Sacramento and Washington D.C. are making critical decisions that will impact the budget, infrastructure, and operations of your district.

Don't miss this opportunity to hear from California's top decision-makers, build partnerships, and strengthen the voice of local control. Past speakers have included California's State Controller, State Treasurer, Secretary of State, Secretary of Natural Resources, Director of the Office of Emergency Services, State Auditor, Legislative Analyst, and Director of Finance.

Register here: <https://members.csdanet/imis1/EventDetail?EventKey=21SDLD>

CSDA Members earn more than \$50,000

Participants of CSDA's Commercial Card program recently received rebates totaling over \$50,000, with some agencies receiving more than \$4,000 cash back. Especially designed for CSDA members and administered by Umpqua Bank, the CSDA Commercial Card program provides online reporting tools, greater security over employee spending, and enhanced rebate opportunities. Contact Member Services at 877.924.2732 for more information on how to streamline your business processes with the CSDA Commercial Card from Umpqua Bank.

Join Today

Join an Expert Feedback Team to provide CSDA staff with invaluable insights on policy issues. Email romanw@csda.net to inquire about joining one of the following teams:

- Budget, Finance and Taxation
- Environment
- Formation and Reorganization
- Human Resources and Personnel
- Governance
- Public Works and Contracting

Stay Informed

In addition to the many ways you can **TAKE ACTION** with CSDA's advocacy efforts, CSDA offers a variety of tools to keep you up-to-date and assist you in your district's legislative and public outreach. Make sure you're reading these resources:

- CSDA's weekly e-Newsletter
- Districts in the News
- CSDA's CA Special District Magazine



CALIFORNIA SPECIAL DISTRICTS ASSOCIATION PRIORITIES

TAKE ACTION BRIEF

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Email updates@cda.net for help accessing these additional member resources.